

0510.16 Purchase Order Cancellation

Issued January 15, 2003

SUBJECT: Purchase Order Cancellation

APPLICATION: Executive Branch Departments and Sub-units.

PURPOSE: To specify the policies and procedures to process Cancellation of Purchase Orders issued by the Department of Management and Budget (DMB), Acquisition Services.

CONTACT AGENCY: Department of Management and Budget (DMB) - Acquisition Services

TELEPHONE: 517/335-0230

FAX: 517/335-0046

SUMMARY: These procedures apply to Purchase Orders issued by DMB Acquisition Services. Once Cancellation is posted, Purchase Orders must be cancelled by Acquisition Services. Cancellation may be needed for accounting purposes or for non-accounting purposes:

Accounting - Acquisition Services approves document cancellation (8500 screen) submitted by agency if cancellation is for one of the following:

- Cancel when the Purchase Order was paid through other means
- Cancel when the Voucher was not marked final
- Cancel undelivered balances

Non-accounting - It is expected that the agency has communicated with the vendor and Acquisition Services prior to cancellation for one of the following:

- Material Breach by the Contractor (The agency needs to document the nature of the default in a Vendor Performance. Default is determined by Acquisition Services after resolution fails. See Vendor Performance Procedure 0510.11.)
- Cancellation For Convenience By thy State (State no longer needs the services or products specified, relocation of offices, program changes, changes in laws, rules, or regulations that make the services or products no longer practical or feasible, and unacceptable prices for additional services or products requested by the State.)
- Lack of Funding/Non-Appropriation
- Criminal Conviction of Contractor
- Civil Service Approvals Rescinded

See Chapter 7 - Change Order Processing in the ADPICS Data Entry Guide. The Guide is available on line at <http://mainweb.state.mi.us>.

PROCEDURES - CANCELLATION REQUESTS FOR ACCOUNTING PURPOSES:

Department/Agency Procurement Staff:

- Document Cancellation (8500 screen) is created, clearly describing the reason for the cancellation. The Cancellation should include the creator's name and date created.
- Posts the Cancellation.
- The document will route through an approval path to Acquisition Services.

Acquisition Services Buyer:

- Approves or rejects to initiator the cancelled Purchase Order. If rejected, enters a note in the notepad advising the agency the reason for rejection.

Agency Procurement Staff:

- If rejected, makes necessary corrections, then re-posts the Document Cancellation.

Acquisition Services Buyer:

- If approved, posts the Document Cancellation.

PROCEDURES - CANCELLATION REQUESTS FOR NON-ACCOUNTING PURPOSES:

Department/Agency Procurement Staff:

- Contacts Acquisition Services and communicates reason for cancellation, which must be consistent with the reasons outlined in the Summary above.

Acquisition Services Buyer:

- May seek additional information and documentation from the agency and vendor. If it is determined that the State will proceed with cancellation, a Document Cancellation (8500 screen) is created and posted.

Cancellation for non-accounting purposes must be reviewed and approved by the Director of Acquisition Services. Cancellation letter shall be signed by the Director of Acquisition Services. A copy of the cancellation letter is sent to the vendor and the agency.

* * *

Distribution Date: 01-15-03
Procedure 0510.16